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E.O. 12958: DECL: 2020/02/04

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SUBJECT: Country Team Support for Third-Party Transfer to Iraq

CLASSIFIED BY: Margaret Scobey, Ambassador, Embassy Cairo; REASON:
1.4(B), (D)

[¶1.](#) (SBU) The Egyptian military is requesting third-party transfer approval for the sale of M1A1 tanks and ammunition to Iraq. All of the equipment is produced in Egypt under a co-production agreement with the United States. The country team supports the sale.

[¶2.](#) (C) Egypt proposes selling 140 M1A1 tanks, ammunition, training, spare parts, and maintenance to the Iraqi army for an undisclosed amount of money. We understand that a number of complex issues would first need to be addressed given Egyptian and Iraqi budgetary constraints, ongoing development of a foreign military assistance plan for Iraq, legal issues related to the co-production agreement, and the potential concerns of General Dynamics. In principle, however, we strongly support this sale and the positive contributions it would make to strengthening Egyptian-Iraqi ties.

[¶3.](#) (S) After an initially cautious approach to the Maliki government, Egypt has taken serious steps over the last year to develop stronger political, economic, and military ties with Iraq. We view these efforts as crucial to building Iraq's ties with the Arab world and reducing Iranian influence. The tank deal is part of a much broader Egyptian effort to strengthen the bilateral relationship. In November 2009, Egypt and Iraq signed 16 MOUs across several fields, including science and technology, agriculture, communications, security affairs and military training.
SCOBAY